



Local Ballot Measure: BB

Measure BB

North Sonoma County Healthcare District

Measure Question

With no additional taxes and to assure continuing emergency medical services, acute hospital inpatient services and outpatient services to meet the needs of local residents, shall the North Sonoma County Healthcare District enter into a purchase agreement for Healdsburg District Hospital and its assets, at fair market value, with NorCal HealthConnect, LLC, a secular affiliate of Providence St. Joseph Health?

What Your Vote Means

YES	NO
A "yes" vote on Measure BB will allow District to proceed to sell substantially all of its assets to NorCal.	A "no" vote on Measure BB will prohibit the District from proceeding with the sale.

For and Against Measure BB

FOR	AGAINST
Richard Andolsen MD Healdsburg Family Medicine Specialist Jed Weissberg MD Retired Physician/ACLU Member Esther Lemus Vice-Mayor, Town of Windsor Laura Kimbro DO Windsor Physician and GYN HEALTHCARE FOUNDATION/NORTHERN SONOMA COUNTY Scott Hafner, Chair, Board of Directors	No argument was submitted against Measure BB



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Arguments and rebuttals are the opinions of the authors. They are printed exactly as submitted, including errors.

County Counsel's Impartial Analysis of Measure BB	Argument in Favor of Measure BB
<p>The Board of Directors (Board) of the North Sonoma County Healthcare District (District) has called a special election to seek voter approval to sell District assets consisting of Healdsburg District Hospital and clinic assets (collectively "Hospital"), to NorCal HealthConnect, LLC (NorCal), a secular affiliate of Providence St. Joseph Health. Said sale of District's assets is for the purposes of assuring that the Hospital and emergency services and other health care services will continue to be provided to District residents.</p> <p>District is a local public health care district organized under the Health Care District Law, found at Health and Safety Code section 32000 and following (Health Care District Law). Section 32121(p)(1) of said law authorizes District to "transfer, at fair market value, any part of its assets to one or more corporations to operate and maintain the assets." For the purposes of the law, "fair market value" must be determined by a qualified independent consultant's appraisal.</p> <p>The Board, by resolution, must submit a measure to the voters of the District seeking approval of the transfer before District may proceed to transfer 50% or more of its assets to a private party. Measure BB implements the requirement to seek voter approval.</p> <p>According to District's Resolution, District has sustained significant operating losses and is unable to provide the capital necessary for required infrastructure improvements due to many factors affecting hospitals and health care providers generally. This financial shortfall jeopardizes the ability of District to maintain long-term availability of acute care hospital services within the District. District and NorCal have agreed to the terms of a purchase as outlined in a Term Sheet presented to the Board at its July 30, 2020 meeting. The Term Sheet provides for the purchase of the Hospital, subject to guarantees that the hospital will be open as a critical access hospital with emergency room services for a minimum of 20 years after the purchase date and provides for cash payments that, together with the performance obligations outlined in the Term Sheet, are equal to or exceed the fair market value of the assets being sold. The Term Sheet further provides for Western HealthConnect to guaranty NorCal's obligations under the asset purchase agreement and related agreements. As required by Section 32121(p), Healthcare Appraisers, Inc., an expert on valuation of health care facilities, independently appraised District's assets and determined that the proposed consideration for the sale of the Hospital represents fair market value for the asset. A copy of said appraisal is available for review at District offices located at 1375 University Avenue, Healdsburg, California.</p> <p>A "yes" vote on Measure BB will allow District to proceed to sell substantially all of its assets to NorCal.</p> <p>A "no" vote on Measure BB will prohibit the District from proceeding with the sale.</p> <p style="text-align: right;">BRUCE D. GOLDSTEIN County Counsel</p> <p style="text-align: right;">By: s/ Robert Pittman Assistant County Counsel</p>	<p>Measure BB ensures Healdsburg District Hospital, a Critical Access Hospital with a 24/7 emergency room, will remain open for years to come. Measure BB would allow for the Hospital and its assets to be sold to NorCal HealthConnect, LLC, a secular (non-religious) affiliate of Providence St. Joseph Health, in exchange for significant monetary and non-monetary commitments and investments in making Healdsburg District Hospital (Hospital) better positioned to meet the needs of the patients it serves in the 21st century – without ever increasing taxes.</p> <p>Since 1905, the community has had a hospital serving northern Sonoma County, and with the passage of Measure BB, all services offered by the Hospital today will continue for at least 30 years. Equally important, physicians, nurses and healthcare professionals employed by the Hospital will have an opportunity to keep their jobs at comparable or better pay, ensuring quality healthcare continues to be seamlessly provided. Along with the numerous jobs preserved by Measure BB, it also ensures the Hospital continues contributing to the local economy. The District will also have local representation on a new Community Board.</p> <p>While the Hospital remains solvent today, looming financial challenges leave the Hospital with two choices: identify a partner that can make the improvements and investments needed to keep the hospital open, or face potential closure. With state law requiring the Hospital be seismically retrofitted by 2030 at a cost of tens of millions of dollars, along with a variety of technology, equipment and facility needs, the challenges ahead for the Hospital cannot be achieved without the investments facilitated through the passage of Measure BB.</p> <p>Simply put, Measure BB is the only viable path forward to keep our hospital and emergency room open without raising taxes.</p> <p>Join doctors, nurses, healthcare professionals and community leaders who value Healdsburg District Hospital and the stability it provides to residents during an emergency.</p> <p>Vote Yes on Measure BB. YesonBBHealdsburg.com</p> <p>s/ Richard Andolsen MD Healdsburg Family Medicine Specialist</p> <p>s/ Jed Weissberg MD Retired Physician/ACLU Member</p> <p>s/ Esther Lemus Vice-Mayor, Town of Windsor</p> <p>s/ Laura Kimbro DO Windsor Physician and GYN</p> <p>HEALTHCARE FOUNDATION/NORTHERN SONOMA COUNTY s/ Scott Hafner, Chair, Board of Directors</p> <p style="text-align: center;">No argument was submitted against Measure BB</p>



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Full Text of Measure BB

RESOLUTION NO. 09-20

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH SONOMA COUNTY HEALTHCARE DISTRICT RECOMMENDING A SALE OF THE ASSETS OF NORTH SONOMA COUNTY HEALTHCARE DISTRICT AND CALLING FOR AN ELECTION ON A BALLOT MEASURE PROPOSING SUCH A SALE OF THE DISTRICT'S ASSETS

WHEREAS, the North Sonoma County Healthcare District, a local health care district (“**District**”), is committed to supporting the health care needs of the communities it serves; and

WHEREAS, the District is governed by the Health Care District Law (Health & Safety Code sections 32000 et seq.); and

WHEREAS, the District has sustained significant operating losses and is unable to provide the capital necessary for required infrastructure improvements due to many factors affecting hospitals and other health care providers generally, such as the need for seismic upgrades, and other factors affecting the District’s clinics and hospital facilities (the “**Facilities**”); and

WHEREAS, the forgoing problems seriously jeopardize the ability of the District to maintain long term availability of acute care hospital services, with an emergency room, within the District; and

WHEREAS, in recognition of the benefits of affiliating with a large health care system having access to economies of scale, capital and recruitment opportunities, the District investigated various opportunities to affiliate with a health care system to bring those benefits to the District; and

WHEREAS, since October 2010, the District has had an affiliation with Santa Rosa Memorial Hospital (“**SRMH**”), as reflected in an Affiliation Agreement, and has entered into a series of Memoranda of Understandings and letters of intent with St. Joseph Health, an affiliate of Providence St. Joseph Health (“**PSJH**”), to improve the quality and availability of health care services in North Sonoma County; and

WHEREAS, after examining available opportunities, the District determined that a more comprehensive relationship with a PSJH affiliate was the best option for ensuring long term availability of a critical access hospital, with emergency room services, within the District, and accordingly initiated negotiations with NorCal HealthConnect, LLC (“**Company**”), a secular affiliate of PSJH, to explore the best structure for such a relationship; and

WHEREAS, after lengthy negotiations, Company and the District agreed upon a structure that provided for Company to purchase Healdsburg District Hospital and clinic assets (the “**Hospital**”) of the District subject to guarantees that the hospital will remain open as a critical access hospital with emergency room services for at least 20, and up to 30, years after the date of purchase, and provides for cash payments that, together with the performance obligations, have a fair market value that equals or exceeds the value of the assets transferred (“**Transfer**”); and

WHEREAS, the District and Company agreed upon the terms of a Term Sheet, a copy of which is attached hereto and incorporated by this reference (“**Term Sheet**”) describing such a **Transfer**; and

WHEREAS, pursuant to sections 32121(p) of the Health Care District Law, before the District transfers fifty percent (50%) or more of the District’s assets, in sum or in increments, the elected Board of Directors of the District (“**Board**”) shall, by resolution, submit to the voters of the District a measure proposing the transfer; and

WHEREAS, the District believes that it is in the best interests of the District to proceed to place a measure on the ballot for an election with respect to the **Transfer** on November 3, 2020; and

WHEREAS, the Board believes that the acquisition of the assets of the District by Company for the purpose of providing healthcare to the community, will provide the best assurance that the residents will receive continued long term access to acute care hospital services, including an emergency room; and

WHEREAS, the District obtained and considered costs estimates ranging from 20 to 50 million dollars to complete the seismic upgrades required to keep the hospital open (which will be an obligation of Company under the proposed **Transfer**) and an opinion from an independent consultant with expertise in methods of appraisal and valuation and in accordance with applicable governmental and industry standards for appraisal and valuation, concerning the fair market value of the assets to be transferred, and based on all of the information available to the District, the Board determined that a **Transfer** on the terms set forth in the **Term Sheet** will constitute fair and reasonable consideration to be received by the District for the transferred assets, and will constitute fair market value in accordance with the requirements of section 32121(p) of the Health Care District Law; and

WHEREAS, in the judgment of the Board, following a public hearing and comment, it is advisable to complete the **Transfer** in accordance with the terms of the **Term Sheet** and in accordance with terms to be more fully set forth in definitive agreements to be presented for approval to the Board, and to request that the Registrar of Voters of the county of Sonoma place a measure on the ballot for the upcoming November 3, 2020 election to submit to the District’s voters the proposal to transfer the District’s assets.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DISTRICT:

1. The forgoing recitals are true and correct.
2. That, subject to finalization and approval by the Board of definitive transfer agreements at a duly noticed public meeting of the Board, and subject to approval of the voters of the District as set forth below, the District shall negotiate a transfer of the assets of the District to Company on the terms set forth in the **Term Sheet**. The transfer price is based upon an opinion of an independent and qualified third party as to the fair market value of the assets being transferred, the value of the performance commitments made by Company and on all other information available to the Board. Pursuant to section 32121(p) of the Health Care District Law, the Board finds that the consideration to be paid by Company and received by the District, will be equal to, or exceed, the fair market value of the assets.
3. That the Chairperson of the Board is authorized to proceed with preparation of definitive agreements for the transfer with such terms and conditions, schedules and exhibits as are appropriate thereto and to execute such definitive agreements in a form submitted to the Board for approval, after review and advice of legal counsel to the District.
4. That the Board hereby calls a special election for Tuesday, November 3, 2020 and directs that the foregoing proposition shall be submitted to voters of the District at the election in the following manner:

(a) There shall be included on the ballot to be marked by the voters of the District, in addition to any other matters required by law, ballot language in the following form:

“With no additional taxes and to assure continuing emergency medical services, acute hospital inpatient services and outpatient services to meet the needs of local residents, shall the North Sonoma County Healthcare District enter into a purchase agreement for Healdsburg District Hospital and its assets, at fair market value, with NorCal HealthConnect, LLC, a secular affiliate of Providence St. Joseph Health?”

(b) The ballot to be used at the election shall be both as to form and matter contained therein such as may be required by law. On the ballot, in addition to any other printed matter required by law, opposite the measure to be voted upon and to its right, the words “yes” and



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“no” shall be printed on separate lines with voting squares.

(c) The Sonoma County Registrar of Voters is hereby authorized, instructed, and directed to provide and furnish any and all official ballots, notices, printed matter, and all supplies, equipment, and paraphernalia that may be necessary to properly and lawfully conduct the election.

(d) All notices required by law shall be given by the Sonoma County Registrar of Voters.

(e) Arguments for and against the measure may be, and other analyses provided for by law shall be, submitted in accordance with law.

(f) It is hereby requested the election be consolidated with any other election held on the same date in territory that is the same or in part the same.

(g) The canvass of ballots cast at the election shall be conducted in accordance with law.

5. That the Chairperson of the Board, or the Vice Chairperson of the Board, or a designee of either, is hereby authorized to execute any other document and to perform all acts necessary to place the measure on the ballot including signing a services agreement with the County of Sonoma, and to comply with the requirements of law and the election officials.

6. That the District reimburse the County of Sonoma for all costs and expenses incurred by the County in conducting said election upon presentation of a bill to the District and in compliance with any service agreement that may be entered into between the District and the County.

7. That the Clerk of the Board is directed to forward a certified copy of this resolution to the Sonoma County Registrar of Voters.

THE FOREGOING RESOLUTION was introduced at a special meeting of the Board on July 30, 2020 by Director Anderson, who moved its adoption, seconded by Director Campbell, and ordered adopted by the following vote:

Chairperson	Gore	<u>AYES</u>
Director	Neil	<u>AYES</u>
Director	Nantell	<u>AYES</u>
Director	Anderson	<u>AYES</u>
Director	Campbell	<u>AYES</u>

AYES: **5** NOES: **0** ABSENT OR NOT VOTING: **none**

WHEREUPON, the Chairperson declared the foregoing resolution adopted, and SO ORDERED.

By: s/ Erin Gore
Chairperson of the Board

TERM SHEET FOR PURCHASE OF HEALDSBURG DISTRICT HOSPITAL BY NORCAL HEALTHCONNECT, LLC

This document summarizes the proposed terms whereby Western HealthConnect, through its secular affiliate NorCal HealthConnect, LLC, will purchase all assets and liabilities, but for those excluded, related to the operations of Healdsburg District Hospital, its clinics and outpatient services, as currently operated by North Sonoma County Healthcare District.

TERM	SUMMARY/COMMENTS
Recitals	The parties seek to promote the health and well-being of the people of North Sonoma County through a partnership with a community-focused, regionally-based health system that is committed to making the strategic investments in Healdsburg District Hospital necessary to ensure its long-term viability as a hospital and its provision of high-quality health care services to all.
Parties	North Sonoma County Healthcare District (“ Seller ” or “ District ”) NorCal HealthConnect, LLC, a California limited liability company (“ Purchaser ”)
Form of Transaction	Seller shall sell, convey, transfer, assign and deliver to Purchaser, and Purchaser shall purchase and acquire from Seller, all of Seller’s right, title and interest in Healdsburg District Hospital and North Sonoma County Health Services, including Healdsburg Physician Services, the Center for Women’s Health, and all of Seller’s other health care services and assets (cash and cash equivalents, accounts receivables, real and personal, tangible and intangible) (collectively, “ HDH ”), pursuant to a Bill of Sale, Assignment and Assumption Agreement, Community Board Bylaws and supporting contractual and governance documents (the “ Transaction ”).
Closing	The closing of the Transaction contemplated by the Definitive Agreement is referred to herein as the “ Closing ” and shall be on or before December 31, 2020.
Assumed Liabilities	At the Closing, Purchaser shall assume and agree to perform and discharge all liabilities and obligations of Seller relating to ownership and operation of HDH, with the exception of Excluded Liabilities (as defined below) (“ Assumed Liabilities ”).
Excluded Liabilities	Seller shall maintain and be responsible for its 2016 COP debt obligation. In addition, any debts, obligations, claims of other liabilities shall be excluded liabilities: (1) to the extent they are covered by an existing insurance policy maintained by Seller; (2) to the extent that their assumption by Purchaser would eliminate or limit a governmental immunity which would otherwise be available to Seller; or (3) which results from a breach of the Definitive Agreement by Seller. (All of the foregoing, with the 2016 COP debt obligation, and as further defined in the Definitive Agreement, shall be referred to herein as “ Excluded Liabilities ”).



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<p>Consideration for Transaction</p>	<p>The parties mutually acknowledge that Seller's sole purpose is to organize, secure and preserve the availability of hospital and related health care services to the people of North Sonoma County, and that it otherwise has no pecuniary interest in commercial transactions. As such, Purchaser shall furnish fair and reasonable consideration for the Transaction in the form of both monetary and non-monetary commitments to Seller and to the community served by Seller, collectively equaling or surpassing a fair market valuation to be secured by Seller, including the following:</p> <p>1. At least \$15M in total monetary investments in community health over the ten (10) years following the Closing, consisting of: (a) \$5M in cash paid to the District in equal annual installments; and (b) at least \$10M in investments in hospital or healthcare improvements, equipment, and/or programs or services supportive of community and population health of the District, inclusive of expenditures toward the commitments set forth in paragraph 3 below, or as otherwise may be approved by a supermajority of the Community Board.</p> <p>2. The assumption of the Assumed Liabilities and indemnification from Seller's liabilities as set forth herein.</p> <p>3. The following commitments relating to the future provision of hospital and related health care services to the community, at no further expense or liability to Seller:</p> <p>(a) Purchaser shall operate HDH as a Medicare-participating critical access hospital ("CAH") for at least thirty (30) years post-Closing and maintain a 24/7 dedicated emergency department in accordance with state and federal laws; provided that in the event that cost-based reimbursement under CAH designation is eliminated, Purchaser shall operate HDH as a facility offering inpatient capabilities and dedicated emergency services at least comparable to those furnished as of the Closing for at least twenty (20) years post-Closing. Notwithstanding the foregoing, if a natural disaster, i.e. earthquake, fire, flood, or other geologic processes, destroys or substantially destroys the communities within the District, thus rendering it impossible to maintain HDH as a CAH with a dedicated emergency department, the commitments described above shall be immediately waived. If there are other disruptions that substantially impair the commitments or make them impracticable to maintain, Purchaser may seek consent from the District to waive such commitments.</p> <p>(b) Purchaser shall continue providing the health care services currently furnished at HDH or services comparable to such services as changes in technology and</p>		<p>medical science may provide. Additionally, consistent with past practices, HDH will not provide elective abortions, physician assisted suicide, or the destruction of human embryos ("Restricted Services"). Requests for Restricted Services will be accommodated externally.</p> <p>(c) Purchaser shall operate HDH with a commitment to quality, safety, patient satisfaction, and employee and physician engagement, including maintaining Regulatory Approvals, Joint Commission accreditation and participation in the Medicare, Medicaid, TRICARE and other government programs and consistent with existing hospital PI Quality Plan and policies, as they may be developed over time.</p> <p>(d) Purchaser shall adhere to policies of providing medically necessary care to anyone who requires it regardless of race, gender, age, national origin, insurance status, ability to pay or any other prohibited discriminatory criteria to meet all obligations imposed by the State of California and the federal government for granting and maintaining its hospital license.</p> <p>(e) Purchaser shall fund capital expenditures for HDH and its campus (including outpatient and offsite locations operated under the hospital license or in affiliation with the hospital) as appropriately determined in accordance with PSJH's policies and procedures, sufficient to satisfy the covenants and commitments set forth in the Definitive Agreement and to fund the capital needs related to the development of projects and services for the benefit of the residents of the District. The capital expenditures made by Purchaser may include, but are not limited to, expenditures for new equipment, equipment replacement, information systems, facility renovations, new facilities, medical office space, and development of new services, quality improvement programs, physician recruitment and other capital expenditures.</p> <p>(f) Purchaser shall report at least twice a year to Seller or Seller's Assignee (as defined below) regarding the hospital's financial status, programmatic efforts, and progress toward its strategic plan. Purchaser shall provide copies of Purchaser's internally generated annual financial statements and interim/mid-year financial statements within one hundred fifty (150) days after the end of each fiscal year and mid-year thereafter, and Purchaser shall provide evidence of Regulatory Approvals and applicable health care accreditations. Purchaser will continue to engage in community collaboration and partnerships to improve the health outcomes in the geographic area served by the District.</p>
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Full Text of Measure BB (Cont.)

<p>Guaranty Agreements</p>	<p>Western HealthConnect shall guarantee the performance of Purchaser's obligations under the Definitive Agreement pursuant to a guaranty agreement. Providence St. Joseph Health ("PSJH") shall, pursuant to a separate guaranty and agreement, guaranty the performance of Purchaser's financial obligations under the Definitive Agreement. Any guaranty shall not be assignable except as set forth above.</p>		<p>Community Board. If Seller appointee is removed, Seller shall have the right to nominate his or her replacement. No more than one Seller appointee may be removed, nor more than one Seller nominee rejected, within any single 12-month period, respectively.</p> <p>Seller will appoint a designee to attend the Community Board's Quality Committee and Community Benefit Committee meetings as voting members in accordance with the Committees' Charters. The designated committee members shall be subject to the same removal rights as any member of the Committees. If Seller appointees are removed, Seller shall have the right to nominate their replacements.</p> <p>Prior to any future-proposed sale or closure of HDH, surrender of its CAH designation, closure of a core program, closure of the emergency department, or closure of any service line, the Community Board must establish a quorum and have a supermajority vote (at least two-thirds) for such actions, with a recommendation to the Purchaser's Governing Board for final approval, as further described in the Community Bylaws.</p>
<p>Parcel Tax</p>	<p>Purchaser recognizes that Seller receives annual revenue support from a parcel tax approved by the community in the approximate amount of \$3.5 million (the "Parcel Tax Proceeds"). The parties acknowledge that the Parcel Tax Proceeds are intended to support the provision of hospital and related health care services to the people of North Sonoma County. In order to fulfill the intended purpose of the Parcel Tax Proceeds, and in recognition of Purchaser's commitments to furnish such services herein, Seller agrees to assign all of the Parcel Tax Proceeds subject to the provision below regarding Seller's enforcement of Purchaser's covenants and commitments; provided that the following amounts shall be subtracted from the Parcel Tax Proceeds prior to their assignment: (1) an amount equal to Seller's debt service on its 2016 COP bonds; and (2) beginning in the eleventh (11th) year following Closing, and ending upon the expiration or earlier termination of the commitment set forth in subparagraph 3(a), an amount not to exceed \$250,000 per year (in 2020 dollars, adjusted for cost of living), to fund the administrative operations of the District, in accordance with a budget to be agreed upon by the parties and made part of the Definitive Agreement. In the event of any elimination or substantial diminishment of the Parcel Tax Proceeds, Purchaser's obligations under "Consideration for Transaction" and "Board Composition and Governance" set forth herein will be terminated.</p>	<p>Licenses and Permits</p>	<p>Purchaser shall be solely responsible for applying for and obtaining and maintaining all licenses, permits, accreditations, and approvals necessary for Purchaser to operate HDH, and Purchaser shall be assigned and assume the Medicare and Medi-Cal provider numbers for HDH from Seller (collectively, "Regulatory Approvals"). The Definitive Agreement will set forth a timetable within which Purchaser, exercising its reasonable best efforts, shall have obtained Regulatory Approvals.</p>
<p>Board Composition and Governance</p>	<p>Purchaser shall have a governing board as outlined in its Operating Agreement. HDH shall have a community board ("Community Board") with delegated authorities derived from the Purchaser, as further described in its Community Bylaws. The composition and function of the Community Board will be designed to comply with the community benefit standards, inurement prohibition and private benefit restrictions of IRC 501(c)(3).</p> <p>There shall be a single class of voting board members having equal voting rights and authority. No less than one-third of the voting members of the Community Board shall consist of residents of the geographic area served by HDH, as defined in the Definitive Agreement. Seller shall have the right to nominate one voting board member to the board of the Community Board, and the Community Board shall act upon such nomination in accordance with its Community Bylaws and governance policies. The designated board member shall be subject to the same removal rights as any member of the</p>	<p>Transition Agreements</p>	<p>Between the Closing Date and the effective date following Regulatory Approvals (the "Commencement Date"), the parties will enter into transition agreements, such as a management services agreement and a billing services agreement, to maintain continuous operations of HDH. Upon the Commencement Date, such agreements will terminate automatically, unless the parties mutually agree otherwise.</p>
		<p>Employees</p>	<p>Purchaser will make good faith offers to employ all non-practitioner employees who are employed by Seller at Closing at no less than such employees' then-current salaries with benefits comparable to those provided by Seller. Purchaser shall maintain wages and benefits, with no downward pay or net benefits adjustments for at least 12 months after the Closing, to all employees employed by Purchaser.</p> <p>Purchaser shall retain all employees for no less than six (6) months after the Closing, subject to any earlier terminations for cause. Purchaser will make good faith efforts to retain employees at their current seniority and vesting in Seller or any successor benefit programs. Purchaser shall assume all of Seller's obligations to pay accrued, but not paid, wages, and paid time off (if applicable) to Seller's employees.</p>



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<p>Physicians and Practitioners</p>	<p>Purchaser will assume, honor and comply with all existing written agreements between District and its independent physicians as scheduled in the Definitive Agreement. For employed physicians, Purchaser will employ those physicians directly and assume their employment agreements or the physicians will be employed by Annadel Medical Group, doing business as St. Joseph Health Medical Group, and be aligned with St. Joseph Heritage Healthcare.</p>		<p>dispute not be resolved through mediation, the parties shall pursue binding arbitration conducted by JAMS or AAA.</p>
<p>Charity Care and Community Benefit Obligations</p>	<p>Purchaser shall adopt, maintain, and adhere to Providence St. Joseph Health (“PSJH”) policies on charity and indigent care, as required under current state and federal laws.</p> <p>Purchaser shall invest in community benefits allocations in accordance with the IRS Form 990 Schedule H by the business and the facilities as determined pursuant to Purchaser or PSJH metrics for community benefit investments and community benefit program within HDH’s geographic service area.</p>	<p>Representations and Warranties; Survival</p>	<p>The Definitive Agreement will contain fairly standard, mutual representations and warranties from the parties, including those relating to financial statements, employee benefits, litigation, insurance, compliance, labor and other matters; provided that Purchaser will agree to accept all assets of Seller “as is,” “where is,” “with all faults” and without any express or implied warranties. The representations and warranties will survive the Closing for a period of at least eighteen (18) months (certain fundamental representations and warranties survive indefinitely, and others survive for the applicable statute of limitations).</p>
<p>Enforcement of Covenants and Commitments</p>	<p>Notwithstanding the dispute resolution provision below, Purchaser’s covenants and commitment under the Definitive Agreement will be supported by court-enforced injunctive relief, including temporary relief without the necessity of a bond, and Seller’s unilateral retention of any future parcel tax proceeds pending a permanent injunction or other relief.</p>	<p>Indemnification</p>	<p>PSJH and Purchaser will indemnify Seller against all liabilities, claims, costs and expenses (“Liabilities”) arising from the operation of HDH, known or unknown, whether arising before or after the Closing or Commencement Date, excluding Liabilities arising from the willful misconduct or intentional misrepresentation of Seller its directors or officers while acting within the scope of their duties.</p>
<p>Restrictive Covenant</p>	<p>To the fullest extent permitted by law, for a period of five (5) years from and after the Closing, Seller will not, within the Healdsburg geographic service area, directly or indirectly develop, construct, own or operate a critical access/acute care hospital, medical/surgical hospital or provide services customarily incident to an critical access/acute care hospital or medical/surgical hospital, or other ancillary healthcare services (including ambulatory surgery centers, imaging centers, and physician practices).</p>	<p>Assignments</p>	<p>Notwithstanding any other provision of the Definitive Agreement or Guaranty Agreement: (a) prior to any dissolution of Seller, Seller may assign, in its sole discretion, its remaining rights and obligations under the Definitive Agreement to another tax-exempt community-based organization having among its charitable purposes the health and well-being of the residents of the District (“Seller’s Assignee”); and (b) neither Purchaser nor Western HealthConnect may, or cause to, sell, convey, transfer, assign or deliver all or any material portion of the assets of HDH to a third party (a “Resale”), unless (i) such third party agrees to assume and be bound by all of Purchaser’s and Western HealthConnect’s obligations to Seller or Seller’s Assignee under the Definitive Agreement and Guaranty Agreement, and (ii) Seller consents to any such Resale entered into prior to the fifth (5th) anniversary of the Closing.</p>
<p>Medical Staff</p>	<p>As of the Commencement Date and subject to the outcome of due diligence, Purchaser shall adopt the medical staff bylaws of HDH and the credentialed status of its practitioners in existence as of such date. HDH shall maintain its own independent medical staff and be responsible for decisions on admitting clinical privileges as well as medical staff memberships.</p>	<p>Required Approvals; Effect of Proposal</p>	<p>The parties shall receive all board approvals prior to Closing. The parties shall also receive public vote approval prior to Closing. The parties agree this is a proposal. It does not bind the parties to consummate the Transaction and no party shall be obligated to proceed with the Transaction. Furthermore, this proposal will not be the basis of any action for breach of contract, tort liability, or any other claim of any kind or nature.</p>
<p>Tail Insurance</p>	<p>As of the Closing, Seller will obtain tail insurance with an unlimited reporting period, without any lapse in coverage. The premium and other costs of the tail insurance shall be paid by Purchaser. Seller shall, upon Purchaser’s request, provide certificate(s) of insurance to Purchaser evidencing the continued effectiveness of such insurance policies.</p>	<p>Press Release</p>	<p>Except as otherwise required by law, all press releases or other public communications of any sort relating to the Transaction, and the method of the release for publication thereof, will be subject to the prior review of District and PSJH.</p>
<p>Dispute Resolution</p>	<p>The parties shall meet and confer in good faith to resolve such dispute for a period of thirty (30) days. Should the dispute not be resolved, and in addition to Seller’s enforcement remedies described above, the parties agree to pursue non-binding mediation conducted by the Judicial Arbitration and Mediation Services, Inc. (“JAMS”) or American Arbitration Association (“AAA”). Should the</p>		